



RR 374 ELIMINATION OF Z2 REVENUE CREDITS

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RSC MEETING – OCTOBER 28, 2019



HITT RECOMMENDATION

- Eliminate Z2 revenue credits prospectively
- Retain incremental long-term congestion rights (ILTCRs) for new upgrades
 - Required by FERC Order 681
- ILTCRs function as currently described in Tariff, except that the total compensation would be limited to each upgrade's directly assigned upgrade costs plus interest

RR 374

- Tariff language necessary to implement HITT recommendation to eliminate Z2 revenue credits prospectively
- Will be implemented with a bright-line effective date
 - All agreements authorizing construction of an eligible Network Upgrade that are executed on or after bright-line date will be eligible for ILTCRs.
 - All agreements authorizing construction of an eligible Network Upgrade that are executed prior to bright-line date will continue to be eligible for Z2 revenue credits.

RR 374 TIMELINE

- 7/25 – RTWG education
- 8/13 – CAWG education
- 8/22 – RTWG review
- 9/10 – CAWG review
- 9/13- RTWG review
- 9/26 – RTWG approved
 - Motion: To approve RR 374 as modified during the RTWG meeting on September 26, 2019 as implementing the BOD approved HITT-directed action
 - Abstaining: AECC, CUS, Southern Power, Tenaska, WFECC

RR 374 TIMELINE (CONTINUED)

- 10/8- CAWG approved
 - Motion: CAWG recommends that the RSC approve RR374 as implementing the BOD approved HITT recommendation regarding the elimination of Z2 revenue credits
 - Abstaining: Oklahoma
- 10/15 – MOPC approved
 - Motion: Approve RR 374 as submitted with an implementation date of February 1, 2020
 - Opposed: Calpine, Dogwood, Duke-American Transmission, Duke Energy Transmission, EDP Renewables, Enel, Flat Ridge 2
 - Abstaining: Empire, Google, Gridliance, MEAN, Southern Power, Tenaska, WFECC
- 10/28- RSC vote

QUESTIONS?